



Ballot Mayhem

Posted by [Pierluigi Oliverio](#) on Monday, August 11, 2008

City Hall Diary

After nearly four hours of back and forth, the council emerged with measures for the November 2008 ballot. The first is the reduction and update of the telecommunications user tax. This would allow the city to capture new telephone technology like Voice of Internet Protocol (VOIP). The second is a reduction of the 911 system support fee which would result in stronger legal footing of our 911 fee that pays for the 911 call center. Years ago, the 911 call center moved from the California Highway Patrol and was given to local government to oversee, with no funding, of course. The money collected is to be cost recovery only for 911 call center staff and equipment. It appears that if both do not pass it would hurt the city with a loss of \$48 million annually.

A ballot measure that Pat Dando (Chamber of Commerce) and Bob Brownstein (labor) both supported was increasing the card room tax and number of tables. Unfortunately, the council did not move forward with this proposal. This would have allowed the card clubs to add nine more tables which would bring an additional \$5.5 million to the city. If you don't know already, you should be aware that card clubs pay the city \$2 million a year for the police to regulate them by charging table fees, and then, on top of that, they pay a tax to the city to operate, which brings in \$12 million a year. So if you add the \$12 million we presently collect and the additional \$5.5 million we could have collected, that \$17.5 million exceeds the annual budget for staffing all the branch libraries citywide!

The majority of the council thought gambling carries many social ills, and to bring in more revenue from that legal source would be morally wrong. These are called "sin" taxes, where we put fees on cigarettes, liquor and gambling. These taxes affect only those that choose to partake in these activities, unlike a sales tax that affects everyone and is regressive.

The card clubs in San Jose are a legal business for adults and they are popular. People travel to gambling destinations like Las Vegas, Reno and Atlantic City. (Actually the biggest gambling destination in the world is in China, the former Portuguese colony of Macau.) California alone has 60 Indian gaming casinos plus race tracks, card clubs and the lottery that bring in revenue to state and local coffers. Also, many people don't leave their home at all and just gamble on the Internet. Nearly everyone in the 3-year structural budget deficit group agreed that card clubs would be an easy source of revenue for the city to collect. Here we have a group that is a good representation of the city, and the council votes against them!

Sadly, on another ballot item, the city council voted 6-5 to support city management and proceed with a ballot proposal that would allow the use of parkland to locate a new fire station, known as "37," going against signed petitions and four neighborhood associations. The elephant in the room is that the city ran out of money in the public safety bond and is taking the easy way out by removing land from the Willows Senior Center and Lincoln Glen Park instead of buying land more centrally located. We have \$20 million for golf courses and \$2.26 million for golf nets, but no money to buy land for a fire station? I want to thank my fellow council members who I call "The 4 C's"—Campos, Chu, Constant and Cortese—for their vote of support.

Most importantly, I want to thank all the community members who waited over three hours to speak for 60 seconds before the council. We all agree we need a new fire station and the data supports one. However, city staff should not pit neighborhoods and council members against each other by opening one station and closing another. In the 2007-2008 budget, city staff snuck in the sale of Fire Station 6 (page 703, section V), which made the construction of Fire House 37 directly dependent upon the sale of Fire House 6. I argued vehemently to remove the sale of Fire House 6 from the budget. My request was granted "for now." However, current verbiage in the budget allows for the sale of Fire House 6 at a later date. Oh, and by the way, for those who say that the city "wasn't planning on selling house 6 at this time," then please explain why Fire House 6 was listed in the City of San Jose's surplus land as being "for sale" property to a local non-profit? This just confirms that on any given Tuesday the city can close fire stations and sell land that they sit on without voter approval.

The city council did make a good faith gesture via my second motion to keep Fire House 6 and not sell it. The city attorney will look into how the council can adopt and formalize some kind of policy that will keep it open (I brought the same issue up on June 19 when this issue

was first heard). This time, Councilmember Chirco seconded my motion. I am pleased that the council made a good faith effort at the meeting and I will be holding them to their commitment when this issue returns to council.

Finally, we accepted a labor agreement with Municipal Employee Federation (MEF) where the amount of increase was modest. However, even a modest increase adds to our structural budget deficit. Year 1 it adds an additional \$6.8 million to the deficit; year 2 it adds \$3.1 million; year 3 it adds \$4.2 million; and every year it is cumulative, so by year 3 it adds \$14.3 million to the deficit and so on—which is more than we get from the card clubs. The \$14.3 million does not include step increases that would occur over years 1-3, which is approximately another \$8.1 million added to the deficit, bringing us to a total of \$22.4 million. (Step increase detail: Year 1, \$2.6 million; Year 2, \$2.7 million; Year 3, \$2.8 million.) So even with a zero-percent raise, payroll costs escalate with step increases.

Perhaps the last paragraph explains why we need revenue generating ballot measures.

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